

AMENDED IN ASSEMBLY JULY 2, 2014  
AMENDED IN ASSEMBLY JUNE 10, 2014  
AMENDED IN SENATE JANUARY 17, 2014  
AMENDED IN SENATE JANUARY 6, 2014  
AMENDED IN SENATE MAY 24, 2013

**SENATE BILL**

**No. 761**

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**Introduced by Senator DeSaulnier**

February 22, 2013

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An act to amend Sections 18897 and 18898 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 761, as amended, DeSaulnier. Personal income taxes: voluntary contributions: School Supplies for Homeless Children Fund.

The Personal Income Tax Law authorizes an individual to contribute amounts in excess of his or her tax liability for the support of specified funds, including the School Supplies for Homeless Children Fund. Existing law requires the moneys deposited in the School Supplies for Homeless Children Fund to be allocated, upon appropriation by the Legislature, to the State Department of Education for the sole purpose of assisting pupils in California pursuant to the federal McKinney-Vento Homeless Assistance Act by providing school supplies and health-related products to homeless children through competitive grant programs, as provided.

This bill would instead require the same moneys, upon appropriation by the Legislature, to be allocated to the State Department of Social Services for distribution to a nonprofit organization, exempt from

taxation, for the sole purpose of assisting pupils in California pursuant to the federal McKinney-Vento Homeless Assistance Act by providing grants of school supplies and health-related products to partnering local education agencies, as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 18897 of the Revenue and Taxation Code  
2 is amended to read:

3 18897. All moneys transferred to the School Supplies for  
4 Homeless Children Fund, upon appropriation by the Legislature,  
5 shall be allocated as follows:

6 (a) To the Franchise Tax Board, *the State Department of Social*  
7 *Services*, and the Controller for reimbursement of all costs incurred  
8 by the Franchise Tax Board, the Controller, and the State  
9 Department of Social Services in connection with their duties under  
10 this article.

11 (b) To the State Department of Social Services as follows:

12 (1) ~~(A)~~ For distribution to a nonprofit organization exempt from  
13 federal income tax as an organization described in Section  
14 501(c)(3) of the Internal Revenue Code for the sole purpose of  
15 assisting pupils in California pursuant to the federal  
16 McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11301  
17 et seq.) by providing school supplies and health-related products  
18 to partnering local education agencies for distribution to homeless  
19 children, as defined by the federal McKinney-Vento Homeless  
20 Assistance Act (42 U.S.C. Sec. 11434a). The nonprofit organization  
21 shall provide a minimum 100 percent match for all funds received  
22 from the School Supplies for Homeless Children Fund. The State  
23 Department of Social Services shall enter into a subvention services  
24 agreement with ~~a~~ *the* nonprofit organization.

25 ~~(B)~~

26 (2) The State Department of Social Services' first designation  
27 of a nonprofit organization shall be valid until January 1, 2017.  
28 On that date, and every three calendar years thereafter, while this  
29 section is operative and in effect, the State Department of Social  
30 Services shall designate the same or a different nonprofit  
31 organization pursuant to this section. The State Department of

1 Social Services may revoke the designation ~~should~~ *if* the nonprofit  
2 organization ~~fail~~ *fails* to comply with the provisions of this article.  
3 If a designation is revoked, the State Department of Social Services  
4 shall designate a new nonprofit organization within three calendar  
5 months.

6 ~~(C)~~

7 (3) Funds shall be distributed by the State Department of Social  
8 Services only after evidence is presented to the State Department  
9 of Social Services that demonstrates that the local education  
10 agencies or domestic violence shelters have received the materials  
11 *described in paragraph (1).*

12 ~~(2) For reimbursement of all costs incurred by the State~~  
13 ~~Department of Social Services in connection with verifying that~~  
14 ~~the designated nonprofit organization procured school supplies~~  
15 ~~and health-related products and provided matching funds or in-kind~~  
16 ~~materials as described in this section.~~

17 (c) (1) Funds distributed to the nonprofit organization pursuant  
18 to this section shall be used only for costs incurred to procure,  
19 assemble, and ship school supplies and health-related products.  
20 Funds made available pursuant to this section shall not be used for  
21 administrative purposes, to reimburse costs associated with  
22 administering grants of school supplies and health-related products  
23 to local education agencies or domestic violence shelters, or for  
24 any purpose relating to the operation of the nonprofit organization.

25 (2) The nonprofit organization may provide school supplies and  
26 health-related products to children living in domestic violence  
27 shelters.

28 *(d) The State Department of Social Services shall verify that*  
29 *the designated nonprofit organization procured school supplies*  
30 *and health-related products and provided matching funds or*  
31 *in-kind materials as described in this section.*

32 SEC. 2. Section 18898 of the Revenue and Taxation Code is  
33 amended to read:

34 18898. (a) Except as otherwise provided in subdivision (b),  
35 this article shall remain in effect only until January 1 of the fifth  
36 taxable year following the first appearance of the School Supplies  
37 for Homeless Children Fund on the personal income tax return,  
38 and is repealed as of December 1 of that year.

39 (b) (1) By September 1 of the second calendar year and each  
40 subsequent calendar year that the School Supplies for Homeless

1 Children Fund appears on the tax return, the Franchise Tax Board  
2 shall do all of the following:

3 (A) Determine the minimum contribution amount required to  
4 be received during the next calendar year for the fund to appear  
5 on the tax return for the taxable year that includes that next calendar  
6 year.

7 (B) Provide written notification to the State Department of  
8 Social Services of the amount determined in subparagraph (A).

9 (C) Determine whether the amount of contributions estimated  
10 to be received during the calendar year will equal or exceed the  
11 minimum contribution amount determined by the Franchise Tax  
12 Board for the calendar year pursuant to subparagraph (A). The  
13 Franchise Tax Board shall estimate the amount of contributions  
14 to be received by using the actual amounts received and an estimate  
15 of the contributions that will be received by the end of that calendar  
16 year.

17 (2) If the Franchise Tax Board determines that the amount of  
18 the contributions estimated to be received during a calendar year  
19 will not at least equal the minimum contribution amount for the  
20 calendar year, this article shall be inoperative with respect to  
21 taxable years beginning on or after January 1 of that calendar year  
22 and shall be repealed on December 1 of that year.

23 (3) For purposes of this section, the minimum contribution  
24 amount for a calendar year means two hundred fifty thousand  
25 dollars (\$250,000) for the second calendar year after the first  
26 appearance of the School Supplies for Homeless Children Fund  
27 on the personal income tax return or the adjusted minimum  
28 contribution amount adjusted pursuant to subdivision (c).

29 (c) For each calendar year, beginning with the third calendar  
30 year after the first appearance of the School Supplies for Homeless  
31 Children Fund on the personal income tax return, the Franchise  
32 Tax Board shall adjust, on or before September 1 of that calendar  
33 year, the minimum contribution amount specified in subdivision  
34 (b) as follows:

35 (1) The minimum estimated contribution amount for the calendar  
36 year shall be an amount equal to the product of the minimum  
37 estimated contribution amount for the calendar year multiplied by  
38 the inflation factor adjustment as specified in subparagraph (A) of  
39 paragraph (2) of subdivision (h) of Section 17041, rounded off to  
40 the nearest dollar.

1     (2) The inflation factor adjustment used for the calendar year  
2 shall be based on the figures for the percentage change in the  
3 California Consumer Price Index for all items received on or before  
4 August 1 of the calendar year pursuant to paragraph (1) of  
5 subdivision (h) of Section 17041.

6     (d) Notwithstanding the repeal of this article, any contribution  
7 amounts designated pursuant to this article prior to its repeal shall  
8 continue to be transferred and disbursed in accordance with this  
9 article as in effect immediately prior to that repeal.

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